


This document has been electronically entered in the records of the United States Bankruptcy Court for the Southern District of Ohio.

IT IS SO ORDERED.

Dated: October 25, 2019




Guy R. Humphrey
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION AT DAYTON

In re: TAGNETICS INC.,

Case No. 19-30822

Judge Humphrey
Chapter 7

Order Granting in Part Tagnetics' Motion to Enforce Settlement Agreement (Doc. 101)
and Ordering Other Matters

This matter is before the court on *Tagnetics' Motion to Enforce Settlement Agreement* (doc. 101) and the *Response to Motion to Force Settlement* (doc. 106) filed by the Petitioning Creditors.

Pursuant to a prior *Order* (doc. 99), the court conducted a hearing on the Motion to Enforce Settlement Agreement on October 18, 2019. The hearing was attended by Stephen B. Stern and Robert R. Kracht, counsel for Tagnetics Inc., and Petitioning Creditors Jonathan Hager, Ronald E. Earley, and Kenneth W. Kayser (the "Remaining Petitioning Creditors"). The court heard testimony from Mr. Stern, Mr. Kayser, Mr. Earley, and Mr. Hager.



Based upon the evidence admitted during the hearing, including the testimony of the witnesses and the documentary evidence, and the arguments of the parties, and in accordance with the court's oral decision rendered telephonically on October 25, 2019 at 11:30 a.m., including its findings of fact and conclusions of law stated therein, *Tagnetics'* Motion to Enforce Settlement Agreement (doc. 101) is **granted in part**. Accordingly, **IT IS ORDERED** that the settlement agreement agreed to by the parties on July 26, 2019, shall be enforced as follows:

- **Payment Schedule**

Payments	Timing	Earley	Kayser	Hager
First	Within 3 business days of the entry of this order	\$30,000	\$30,000	\$30,000
Second	12 months from entry of this order	\$30,000	\$30,000	\$30,000
Third	18 months from entry of this order	\$30,000	\$30,000	\$30,000
Balance	Upon next liquidity event ¹	\$96,980	\$61,582	\$58,144
Total		\$186,980.00	\$151,582.00	\$148,144.00

- Excepting the payments required by this Order as defining the terms of the settlement reached by the parties, the parties are mutually released from any past obligation to each other arising out of any contract or claim of any nature, including as to any salary, benefits, loans or other similar obligations owed to the Remaining Petitioning Creditors. This release shall not affect any equity interest, including shares of stock, held by the Remaining Petitioning Creditors, except that it shall release any past dividends or other monetary obligations arising of any such equity or stock ownership.
- Within 7 days after the Remaining Petitioning Creditors' receipt of the initial \$30,000 payments, Tagnetics shall file with the court and serve, by email, upon on each of the Remaining Petitioning Creditors a notice of payment.
- Upon the filing with the court of the notice of payment, the court will, **after a 24-hour waiting period**, dismiss the Involuntary Petition against Tagnetics.

Except as otherwise noted, nothing in this order should be construed as addressing any equity interest, if any, of the Remaining Petitioning Creditors. It also does not release

¹ Liquidity event is defined as follows:

- (a) when one person or entity directly or indirectly becomes the beneficial owner of more than 50% of the outstanding securities of Tagnetics, provided that the one person or entity does not directly or indirectly own more than 50% of the outstanding securities of Tagnetics on the date that the agreement becomes valid;
- (b) the consummation of a merger, sale, or consolidation of Tagnetics with/to another company;
- (c) a sale of substantially all of the assets of Tagnetics; or
- (d) completion of a plan to liquidate, dissolve, or wind up Tagnetics that was approved by Tagnetics' shareholders or Board of Directors.

any obligations owed to or from third parties, including, but not limited to, Compass Marketing, or any affiliates, subsidiaries, parent corporation, officers, or directors of Tagnetics, Inc.

The court will issue a separate order regarding Tagnetics' request for attorney fees for compensatory damages.

IT IS SO ORDERED.

Copies to:

All Creditors and Parties in Interest

Douglas S. Draper, 650 Poydras Street, Suite 2500, New Orleans, Louisiana 70130

Leslie A. Collins, 650 Poydras Street, Suite 2500, New Orleans, Louisiana 70130